

A. However, Verizon shall not charge the PSAPs or any county or municipal coordinators for any 911/E911 functions that Cavalier performs. Until Verizon Tariff No. 211, Section 14. C. is updated to provide for adjusted charges that properly account for Cavalier's performance of any 911/E911 functions, Verizon shall reduce its charges to PSAPs or county or municipal coordinators to reflect the applicable Cavalier charges for 911/E911 functions performed by Cavalier, or Verizon shall enter into some other arrangement agreed to by Cavalier and the PSAPs or county or municipal coordinators to the same effect.

**7.3.11** Cavalier and Verizon will comply with all applicable rules and regulations pertaining to the provision of 911/E911 services in Virginia.

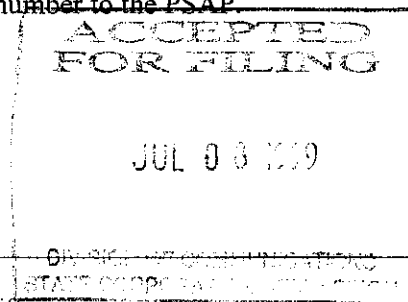
## 6.4 Emergency 911 Interconnection Services

### 6.4.1 General

- A) Emergency 911 Services provide customers a means of accessing a Public Safety Answering Point (PSAP) designated by a local government authority or its agents(s). The PSAP is accessed by dialing the telephone number 911.
- B) Local exchange facilities and other services provided by the Company for the local government authority's are provided in accordance with the general regulation of this tariff specified in Section 2.0.
- C) The Company's entire liability to any person for interruption or failure of Emergency 911 Services, whether due to the Company's network facilities, shall be limited to the terms set forth in this section and other sections of this and other applicable Company Tariffs.
- D) Agents of the local government authority for the purpose of administering this Tariff may include, but are not limited to, other local exchange telephone companies acting on behalf of local government authorities.

### 6.4.2 Provision of Service

- A) The Company will provide local exchange facilities and other services, which interconnect with PSAP locations directly, or interconnect with that location through a connecting company, to Company's central offices based on the availability, rates, terms, and conditions as specified below.
- B) The Company will provide addresses or other available location information to assist local government authorities or their agent(s) in providing Enhanced 911 Service. The Company and the local government authority or its agent(s) will mutually agree upon the frequency and medium in which address or location information is provided.
- C) The Company will provide Automatic Number Identification for the transmission of the caller's telephone number to the PSAP.



Issued: July 7, 1999

Effective: July 8, 1999

Martin Cliff  
Vice President of Regulatory Affairs  
Cavalier Telephone, L.L.C.  
2134 West Laburnum Avenue  
Richmond, Virginia 23227

JUL 06 1999

DIVISION OF COMMUNICATIONS  
STATE CORPORATE COMMISSION

6.4.3 Conditions

- A) This service is offered solely as an aid in routing calls in connection with fire, police, and other emergency services. In the event of service interruption, the Company shall not be liable to any person, corporation, or other entity for any loss or damage. No allowance shall be made if the interruption is due to the negligence or willful act of the local government authority or its agent(s).
- B) When the use of service or facilities furnished by the Company is interrupted due to any cause other than the negligence of the local government authority or its agent(s), a pro rata adjustment of the fixed monthly charges involved may be allowed as covered by the General Regulations Section of this Tariff.
- C) Each end user and local government authority or its agent(s) also agrees to release, indemnify and hold harmless the Company from any and all loss, claims, demands, suits or other actions, or any liability whatsoever, whether suffered, made, instituted or asserted by the end user, local government authority, or PSAP, for personal injury or death to any person or persons, or for any loss, damage or destruction of any property, whether owned by the end user, local government authority or others.
- D) The Company's liability for any loss or damage arising from errors, interruptions, defects or failures of this service or any part thereof whether caused by the negligence of the Company or otherwise shall not exceed an amount equivalent to the pro rata charges for the service affected during the period of time that the service was fully or partially inoperative.
- E) The local government authority and its agent(s) recognizes that addresses, location of information, and other data are the business records of the Company and the Company cannot guarantee the accuracy in emergency situations.
- F) The 911 Service calling party forfeits the privacy by non-published telephone number service to the extent that the telephone number, address, and name associated with the originating station location are furnished to the PSAP.
- G) No local usage charges apply to the calling party for call to 911 lines.

# Cavalier Telephone, L.L.C.

Virginia S.C.C. Tariff No. 1  
Original Page No. 61

## Custom Calling Services (Cont'd)

Repeat Dialing	\$2/\$.75 call	\$2/\$.75 call
*69 Return Call	\$2/\$.75 call	\$2/\$.75 call
Call Waiting	\$3.75	\$3.25
Toll Authorization	N/A	\$2.00

## D. Intra and Inter Lata PIC Change Charges

Per Line            \$5.00

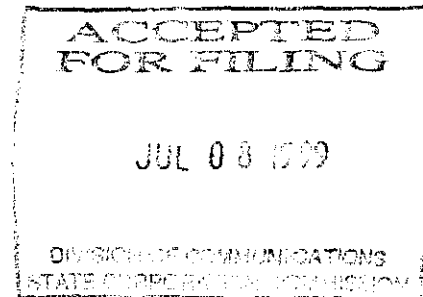
## 8.5 Emergency 911 Service

A. Connecting Company Charges            Pass through at cost

B. Company Provided Services	<u>Installation Charge</u>	<u>Monthly Charge</u>
Automatic Number Identification	N/A	\$92.50
Digital T-1 Facility Charge	\$650.00	\$123.00
T-1 Channel Charge	N/A	\$10.63
Address Information	N/A	\$600.00

## 8.6 Maintenance Visit Charge

Residence	\$46.00 per visit
Business	\$66.00 per visit
Business Data	\$94.00 per visit



Issued: 7, 1999

Effective: July 8, 1999

Martin Clift  
Vice President of Regulatory Affairs  
Cavalier Telephone, L.L.C.  
2134 West Laburnum Avenue  
Richmond, Virginia 23227

MISCELLANEOUS SERVICE ARRANGEMENTS TARIFF  
S.C.C.-Va.-No. 211

Verizon Virginia Inc.

Section 14  
1st Revised Page 15  
Cancels Original Page 15

UNIVERSAL EMERGENCY NUMBER 911 SERVICES

C. RATES (Cont'd)

2. Rates and Changes

(T)

d. Enhanced 911 Service

(T)

Rates and charges that applied to Enhanced 911 Service systems in service prior to August 4, 1985, and known as Plan A, expired with June 30, 1987, and have been withdrawn in their entirety. The following rates and charges apply to all Enhanced 911 Service Systems.

System Activity Charges

(T)

Service Establishment Charge\*

(T)

(1) Per initial establishment of automatic number identification/automatic location identification or an automatic location identification/automatic number identification/ selective routing 911 systems, each ..... \$1930.00

(T)

(2) Per initial establishment of automatic number identification/selective routing 911 systems, each ..... \$1545.00

(T)

Moves, Changes and Rearrangements

(T)

Charges for moves, changes and rearrangements of network and central office equipment which are customer-initiated will be based upon the estimated costs for such moves, changes and rearrangements.

- \* When a system is upgraded from arrangement (b) to arrangement (a), the charge applicable is the difference between the charge for (a) and (b).

MISCELLANEOUS SERVICE ARRANGEMENTS TARIFF  
S.C.C.-Va.-No. 211

Verizon Virginia Inc.

Section 14  
1st Revised Page 16  
Cancels Original Page 16

UNIVERSAL EMERGENCY NUMBER 911 SERVICES

C. RATES (Cont'd)

2. Rates and Changes (Cont'd) (T)

d. Enhanced 911 Service (Cont'd) (T)

(1) Other Rates and Charges (T)

Service Features*	Installation Charge	Per Month	USOC
(a) Automatic number identification, per 1000 Local Exchange Service lines .....	\$ 525.00	\$30.00	E8X
(b) Selective routing, per 1000 Local Exchange Service lines ....	2,035.00	85.00	E8R
(c) Combined automatic number identification and selective routing, per 1000 Local Exchange Service lines .....	1,720.00	93.00	E8T
(d) Combined automatic number identification and automatic location identification, per 1000 Local Exchange Service lines .....	2,170.00	104.00	E8V
(e) Combined automatic number identification and automatic location identification and selective routing, per 1000 Local Exchange Service lines ....	2,170.00	113.00	E8Z
(f) Additional Enhanced 911 Service line connecting at the public safety answering point, each ....	465.00	84.00	E8K

- \* When a system with item (a) is upgraded to item (d) or item (e), the installation charge paid is the difference between (a) and (d) or (e). Likewise, when a system with item (c) is upgraded to item (e) the installation charge is the difference between (c) and (e).

## 19.1 Directory Listings and Directory Distributions

19.1.1 Verizon will include, at such rates permitted by Applicable Law and as stated in Exhibit A, Cavalier's Customer's primary listing in the appropriate "White Pages" directories (residence and business listings) and "Yellow Pages" directories (business listings), as well as in electronic directories in which Verizon's own customers are ordinarily included and directory assistance databases. Verizon will distribute such directories, at such rates permitted by Applicable Law and as stated in Exhibit A, to such Customers, in an identical manner in which it provides those functions for its own Customers. Listings of Cavalier's Customers will be interfiled with listings of Verizon's Customers and the Customers of other LECs included in the Verizon directories. Where required, Cavalier will pay Verizon such rates permitted by Applicable Law and as stated in Exhibit A for providing, as the case may be, for additional and foreign white page listings and other white pages services for Cavalier's Customers. Verizon will not require a minimum number of listings per order.

19.1.2 Upon request by Cavalier, Verizon will make available to Cavalier a directory list of relevant NXX codes, the close dates, publishing data, yellow page headings and call guide close dates on the same basis as such information is provided to Verizon's own business offices.

19.1.3 Cavalier shall provide Verizon with daily listing information on all new Cavalier Customers in the format required by Verizon or a mutually-agreed upon industry standard format, at no charge. The information shall include the Customer's name, address, telephone number, the delivery address and number of directories to be delivered (if more than one (1) per Customer), and, in the case of a business listing, the primary business heading under which the business Customer desires to be placed, and any other information necessary for the publication and delivery of directories. Cavalier will also provide Verizon with daily listing information showing Customers that have disconnected or terminated their service with Cavalier. Verizon will promptly provide Cavalier with confirmation of listing order activity, either through a verification report or a query on any listing which was not acceptable.

Verizon will supply Cavalier with Address Listing Identification ("ALI") codes and other information required to process an order for a directory listing, when that information resides in Verizon's internal OSS or other systems. To the extent Verizon does not supply Cavalier with such complete and accurate information as would enable Cavalier to input, modify, or delete any listings accurately, then Verizon shall be solely responsible for any directory errors that may occur, and must take appropriate steps to correct such errors prior to the production of the directory.

19.1.4 Verizon will accord Cavalier's directory listing information the same level of confidentiality which Verizon accords its own directory listing information, and Verizon shall ensure that access to Cavalier's directory listing information will be used solely for the purpose of providing directory services; provided, however, that should it determine to do so, Verizon may use or license information contained in its directory listings for direct marketing purposes so long as the Cavalier Customers are not separately identified as such; and provided further that Cavalier may identify those of its Customers that request that their names not be sold for direct marketing purposes, and Verizon will honor such requests to the same extent as it does for its own Customers.

**19.1.5** Both Parties shall use commercially reasonable efforts to ensure the accurate listing of Cavalier Customer listings. At Cavalier's request, Verizon shall provide Cavalier with a report of all Cavalier Customer listings normally no more than ninety (90) days and no less than thirty (30) days prior to the service order close date for the applicable directory. With respect to each listing verification report (LVR), Verizon shall affirmatively certify in writing that it has checked the validity of its directory information against the information submitted by Cavalier. Verizon will process any corrections made by Cavalier with respect to its listings, provided such corrections are received prior to the close date of the particular directory. Verizon will provide appropriate advance notice of applicable close dates.

**19.1.6.1** Verizon's liability to Cavalier in the event of a Verizon error in or omission of a listing shall be the same as Verizon's liability to its own end user Customers for such errors in or omissions of listings, as specified in Verizon's VSCC Tariff No. 201, Section 1.E.3; provided, however, that Verizon agrees to release, defend, hold harmless and indemnify Cavalier from and against any and all claims, losses, damages, suits, or other actions, or any liability whatsoever (hereinafter for purposes of this section, "Claims"), suffered, made, instituted, or asserted by any person arising out of Verizon's listing of the listing information provided by Cavalier if such Claims are the proximate result of Verizon's gross negligence or willful misconduct; provided further that the foregoing indemnification shall apply only if and, to the extent that, Cavalier's tariffs and Customer contracts contain limitation of liability provisions which, in the event of a Verizon or Cavalier error in or omission of a directory listing, are the same in relevant substance as those contained in Verizon's tariffs, and Cavalier has complied with the provisions of Section 24.3 of this Agreement.

**19.1.6.2** The following procedures will apply to the calculation and administration of Verizon's liability for directory errors and omissions under Section 19.1.6.1:

- (a) Within ninety (90) days of the conclusion of the distribution of a directory, Cavalier will submit a report to Verizon of all errors in that directory that Cavalier believes are attributable to a Verizon error. Within thirty (30) days of that date, Verizon will issue a report confirming the Cavalier findings. Discrepancies will be resolved pursuant to the dispute resolution procedures specified in Section 28.11.
- (b) For all directory listing errors accepted by or found to be attributable to Verizon, including but not limited to omissions, incorrect phone numbers, incorrect addresses, incorrect names, incorrect publications, incorrect captions, improperly categorized listings, and duplicate listings, Verizon will compensate Cavalier according to the following schedule, consistent with Verizon Tariff VSCC No. 201, Section 1.E.3:
  - (i) for residential listings, six (6) months' credit at \$25.00 per month, or \$150 per line;
  - (ii) for business listings involving one to ten lines, six months' credit at \$50 per month, or \$300 per line; and
  - (iii) for business listings involving ten or more lines, a credit in the fixed amount of \$3000.
- (c) If Verizon or an affiliate of Verizon, through its own action or through action taken pursuant to communication with a Cavalier Customer initiated by Verizon or its affiliate,



causes an error in a classified (Yellow Pages) listing for which Cavalier would otherwise have had sole responsibility to originate or with respect to which Cavalier would otherwise have had sole responsibility for submitting appropriate information to flow through to a free classified (Yellow Pages) listing, then Verizon will provide to Cavalier a written notification of any subsequent contact that Verizon or Verizon Directory personnel may have with that customer and the nature of that contact, and Verizon will take appropriate remedial action to correct any such error and to compensate Cavalier as may be appropriate under the circumstances.

**19.1.7** Cavalier will adhere to all practices, standards, and ethical requirements of Verizon with regard to listings, and, by providing Verizon with listing information, warrants to Verizon that Cavalier has the right to place such listings on behalf of its Customers. Verizon will provide Cavalier, upon request, a copy of the Verizon listings standards and specifications manual. Cavalier agrees to release, defend, hold harmless and indemnify Verizon from and against any and all claims, losses, damages, suits, or other actions, or any liability whatsoever, suffered, made, instituted, or asserted by any person arising out of Verizon's listing of the listing information provided by Cavalier hereunder, except for any actions arising from Verizon's willful misconduct.

**19.1.8** The parties may negotiate in good faith an arrangement under which Cavalier will have direct, unmediated access to and ability to input, delete, amend and update its listings within Verizon's directory databases, such that Cavalier may take direct responsibility and accountability for the accuracy of its listings in Verizon's systems. If such an arrangement is established, then the provisions of Section 19.1.6.2 above shall be superseded by that arrangement.

GENERAL REGULATIONS TARIFF  
S.C.C.-Va.-No. 201

Bell Atlantic - Virginia, Inc.

Section 1  
1st Revised Page 30  
Cancels Original Page 30

GENERAL REGULATIONS

E. LIABILITY OF THE TELEPHONE COMPANY

In view of the fact that the customer has exclusive control over the use of service and facilities furnished by the Telephone Company, and because of unavailability of errors incident to the services and to the use of such facilities of the Telephone Company, services and facilities are furnished by the Telephone Company subject to the terms, conditions and limitations herein specified.

1. Service Irregularities

The liability of the Telephone Company for damages arising out of mistakes, omissions, interruptions, delays, errors or defects in transmission, or failures or defects in facilities furnished by the Telephone Company, occurring in the course of furnishing service or other facilities and not caused by the negligence of the customer, shall in no event exceed an amount equivalent to the proportionate charge to the customer for the service or facilities affected during the period such mistake, omission, interruption, delay, error or defect in transmission, or failure or defect in facilities continues after notice and demand to the Telephone Company.

When facilities of others are used in establishing connections to points not reached by the Telephone Company's facilities, the Telephone Company is not liable for any act or omission of others furnishing such facilities.

2. Claims of Misuse of Service

The Telephone Company shall be indemnified and save harmless by the customer against claims for libel, slander, fraudulent or misleading advertisements or infringement of copyright arising directly or indirectly from the material transmitted over its facilities or the use thereof; against claims for infringement of patents arising from combining or using apparatus and systems of the customer with facilities of the Telephone Company; and against all other claims arising out of any act or omission of the customer in connection with the services and facilities provided by the Telephone Company.

3. Directory Errors and Omissions

The liability of the Telephone Company, its contractors, and agents arising from errors in or omissions of Directory Listings for which there is no discrete charge, including such listings in classified directories and listings obtainable from an operator shall be limited to the amount of actual impairment to the customer's service and in no event shall exceed one-half the amount of the fixed monthly charges applicable to Local Exchange Services or Mobile Telephone Services affected during the period covered by directory in which the error or omission occurs.

In cases of charged Directory Listings, purchased pursuant to this tariff, including such listings obtainable from an operator, the liability of the Telephone Company, its contractors, and agents shall be limited to an amount not exceeding the amount of charges for the charged listing in listings involved during the period covered by the directory in which the error or omission occurs.

Billing Date 3/5/03  
Account 000075700996 43Y  
Page 1 of 9  
Questions? Call: (800) 826-2355

Manage your account online at [www.verizon.com](http://www.verizon.com)

Bill Mailed on 3/11/03

Amount of last bill dated 2/5/03.....	\$206.23 <sup>cr</sup>
Payment(s).....	\$ .00
Credits and Adjustments.....	\$270.00 <sup>cr</sup>
<b>Credit Balance.....</b>	<b>\$476.23<sup>cr</sup></b>
 Verizon Services.....	 \$30.41
 Current Charges Due by 4/4/03.....	 \$30.41
 <b>Credit Balance - Do Not Pay.....</b>	 <b>\$445.82<sup>cr</sup></b>

PO BOX 17577  
BALTIMORE MD 21297-0513

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## Horizon

Manage your account online at [www.verizon.com](http://www.verizon.com)

Bill Mailed on 4/11/03

Amount of last bill dated 3/5/03.....	\$445.82cr
Payment(s).....	\$ .00
Credit Balance.....	\$445.82cr
Verizon Services.....	\$31.32
Current Charges Due by 5/4/03.....	\$31.32
Credit Balance - Do Not Pay.....	\$414.50cr

✓ To enroll in the Verizon Direct Debit Payment Option, please read and sign the agreement on the reverse of the payment form.

**THE**

**Total Amount Due** \$414.50  
**Credit Balance - Do Not Pay**

05 \*\*\*C005  
LAURA WURDEMAN  
2302 GOLDEN RD  
RICHMOND VA 23230-2104



☐ **Sign me Up...**  
For a \$1 monthly donation to Verizon Reads.

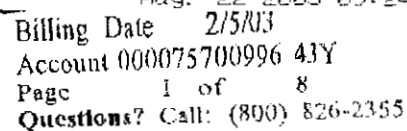
PO BOX 17577  
BALTIMORE MD 21297-0513

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Manage your account online at [www.verizon.com](http://www.verizon.com)

Bill Mailed on 2/11/03

Amount of last bill dated 1/5/03.....	\$32.04
Payment(s).....	\$ .00
Credits and Adjustments.....	\$270.00 cr
<b>Credit Balance.....</b>	<b>\$237.96 cr</b>
Verizon Services.....	\$31.73
Current Charges Due by 3/4/03.....	\$31.73
<b>Credit Balance - Do Not Pay.....</b>	<b>\$206.23 cr</b>

✓ To enroll in the Verizon Direct Debit Payment Option, please read and sign the agreement on the reverse of the payment form.



Account 000075700996 43Y

**Total Amount Due** \$285.23 **CR**  
**Credit Balance - Do Not Pay**

05 644C005  
LAURA WURDEMAN  
2302 GOLDEN RD  
RICHMOND VA 23230-2104  
[Barcode]



☐ **Sign me Up...**  
For a \$1 monthly donation to Verizon Reads.

PO BOX 17577  
BALTIMORE MD 21297-0513

[illegible]

1090000007570099640330050900000600000000000000000000000000000000

## COMMONWEALTH OF VIRGINIA



WILLIAM IRBY  
DIRECTOR

BOX 1197  
RICHMOND, VA 23218  
TELEPHONE: (804) 371-9420  
FAX: (804) 371-9069

KATHLEEN A. CUMMINGS  
DEPUTY DIRECTOR

STEVEN C. BRADLEY  
DEPUTY DIRECTOR

STATE CORPORATION COMMISSION  
DIVISION OF COMMUNICATIONS  
January 27, 2003

Mr. Martin Clift, Jr.  
Vice President - Regulatory Affairs  
Cavalier Telephone, LLC  
Fax Letter To: 422-4599

Dear Mr. Clift:

Staff is returning as unacceptable Cavalier's January 21, 2003 filing that proposed UNE Loop Service charges .

This filing is in violation of the CLEC Rate Cap rules under 20VAC 5-400-180, and did not comply with the 30 day filing interval for this type of filing.

The tariff is not clear as to whom these charges will be billed, the subscriber or the UNE Loop provider. Those applying to the subscriber would fall under the rate cap rule addressed above, however, if they apply to the loop supplier then such charges should be in the appropriate interconnection agreement, not the CLEC tariff.

The filing will be returned under separate letter.

Garland Hines

Senior Telecommunications Specialist

CC:

K. Cummings  
J. Coleman



**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Petition of Cavalier Telephone, LLC	)	WC Docket No. 02-359
Pursuant to Section 252(e)(5) of the	)	
Communications Act for Preemption	)	
of the Jurisdiction of the Virginia State	)	
Corporation Commission Regarding	)	
Interconnection Disputes with Verizon	)	
Virginia, Inc. and for Arbitration	)	

**TESTIMONY OF DAVID O. WHITT  
ON BEHALF OF CAVALIER TELEPHONE, LLC**

**CAVALIER EXHIBIT \_\_\_\_\_**

September 23, 2003

1 **Q. Please state your name, business address, responsibilities, and professional**  
2 **background.**

3 A. My name is David O. Whitt and my business address is 2134 West Laburnum  
4 Avenue, Richmond, Virginia 23227-4342. I am Chief Financial Officer for Cavalier  
5 Telephone, LLC (“Cavalier”). Before joining Cavalier in 1999, I worked for five years with  
6 the public accounting firms of KPMG Peat Marwick and Coopers & Lybrand, and then  
7 directed the financial functions of Automatic Equipment Sales (AES), a leading privately  
8 held distributor of Carrier HVAC equipment and supplies with sales exceeding \$300 million.  
9 I earned a Bachelor of Science degree in Accounting from Virginia Commonwealth  
10 University.

11 **Q. What issues will your direct testimony address?**

12 A. It will address the issues designated as C3, C21, C24, C25, and V34.

13 **Meet-Point Billing**

14 **Q. What is the purpose of your testimony on Issue C3?**

15 A. My testimony discusses contract language proposed by Cavalier to address the  
16 concerns expressed by Walter Cole and John Haraburda.

17 **Q. What is the foundation for the contract language that Cavalier proposes?**

18 A. Cavalier, as a young CLEC, is closely attuned to its revenue. Revenue is the engine  
19 that fuels the company. It pays the employees, covers the bills, and covers the debt, and it is  
20 a key variable to spark new investments. Revenue attainment is very important. The  
21 framework for carriers to obtain revenue has been determined over many years of public  
22 policy, and that framework is always under evaluation and fine-tuning by the FCC and State  
23 Commissions. Cavalier, Verizon, and all other providers must adhere to the current rules.

1           However, as I will explain further, the current rules and regulations present various  
2 financial incentives for carriers to circumvent the regulations. Circumvention means that a  
3 carrier could lower its costs, illegally, at the expense of Cavalier. Such activity is considered  
4 “fraud”. Under the current compensation framework, a carrier may attempt to obfuscate its  
5 real intentions in order to pay lower charges or even no charge at all to Cavalier. There are  
6 various forms of disguises and tricks that the carriers may employ. The contract language  
7 that I propose, shown as Exhibit DW-1, is designed to prevent carriers from delivering one  
8 type of traffic camouflaged as another. My contract modifications will:

9           a. Require that the carrier delivering traffic to Cavalier identify itself.

10          b. Require that the carrier provide the necessary information for proper billing  
11             classification.

12   **Q.     What is Verizon’s role in this process?**

13   A.     There are literally hundreds of carriers, and almost all of the traffic coming to  
14 Cavalier passes through Verizon, totally out of Cavalier’s control. The interconnection  
15 agreement starts with a certain network architecture for this traffic, and also sets the  
16 guidelines pertaining to the delivery of that traffic. Since that traffic comes to us from  
17 Verizon, we need to ensure that Verizon sends us traffic in accordance with the specifications  
18 necessary to render accurate bills.

19   **Q.     Why is Verizon’s role so important?**

20   A.     At Cavalier we count every penny and need to cultivate all revenue sources. Like any  
21 conscientious company, we need to be tuned into the compensation that we receive from all  
22 sources. Cavalier obtains its revenue from two primary sources: end users and carriers.  
23 End user revenue is derived from Cavalier’s retail customers. Carrier revenue is “wholesale”

1 in nature, where the underlying carrier or sub-carrier is the retail provider to the end user.  
2 Carrier revenue represents almost 20% of all of Cavalier's revenue. The issues I will address  
3 pertain to the latter, carrier revenue, with respect to which Verizon occupies a key role.

4 As Mr. Cole explains, Verizon makes the determination to route other carriers' traffic  
5 to Cavalier over interconnection trunks. This routing materially affects the billing record  
6 Cavalier receives. This in turn affects Cavalier's ability to render accurate bills.

7 **Q. What is the relationship between Verizon "interconnection" and Cavalier's**  
8 **revenue?**

9 A. "Interconnection," in the context of this issue, simply enables traffic to be passed to  
10 and from the networks of Cavalier, Verizon and other carriers. It also enables a process for  
11 one carrier, for example the terminating carrier, to be compensated by another carrier, for  
12 example the originating carrier, for the interconnection service provided.

13 Interconnection has been going on for over a hundred years, as independent telephone  
14 companies interconnected for many years with AT&T. In the mid-1970s, this paradigm  
15 began to change, as competition started among interexchange toll service providers, most  
16 notably Sprint and MCI. Further, in 1984, with the divestiture of AT&T, the FCC adopted an  
17 "access charge" regime to replace the prior regime of "inter-company settlements". Under  
18 the new regime, interexchange carriers paid local exchange carriers (LECs) "access charges"  
19 to compensate the LECs for "origination" and "termination" of their traffic. Access charges,  
20 imposed by the LEC, were set by the FCC for interstate access and by the State Commissions  
21 for intrastate access services. Over time the FCC and State Commissions have tinkered with  
22 these rules and regulations as public policy on access charges has evolved.

Now we have an environment with many LECs, many wireless carriers and many interexchange carriers, which complicates the access charge process. Still the foundation for rendering bills to one carrier or another has remained fundamentally the same. That is, according to FCC and State Commission rules, the carrier that delivers, or “hands off”, the caller’s call must compensate the “network carrier” that provides the connection for the caller.

**Q. What are the tenets for interconnection and network compensation?**

A. Cavalier’s interconnection with Verizon is designed to provide a “seamless” network architecture to permit calls to transverse across the respective networks, whether or not the call was 1) originated by Verizon, 2) originated by Cavalier or 3) originated by another carrier and “transited” by Cavalier or Verizon.

As calls transverse the networks, LECs are entitled to compensation for the facilities provided to other carriers and for usage on this network, as applicable. Compensation for network usage is governed by access and interconnection tariffs filed by Cavalier and approved by FCC and the Virginia State Corporation Commission (VSCC). In brief, these tariffs set the rates to charge other carriers for their usage dependent upon whether or not the usage is classified as “local” nor “non-local”. Non-local usage is further segregated into “interstate” and “intrastate”. The chart below summarizes the rates Cavalier charges for usage in these classifications:

Local -	\$ .00159/per minute of use
Non-Local	
Intrastate -	\$ .055328/per minute of use
Interstate -	\$ .012/per minute of use

1           It is these rates that lead to our concerns over fraud. As you will note, intrastate  
2   access minutes are about 35 times more expensive than local minutes, and interstate minutes  
3   are 7.5 times more expensive. So, on the basis of these rate disparities, there is a financial  
4   incentive for other carriers to disguise access traffic as local.

5   **Q.     Can Cavalier solve that problem simply by lowering its Non-Local rates?**

6   A.     No, it is not that easy. As I mentioned previously, the rates that Cavalier charges  
7   were set by the FCC and VSCC in accordance with federal and state public policies.  
8   Moreover, to lower all rates to the "local" rate would produce an immediate catastrophic  
9   lowering of revenue, amounting to reduction of approximately \$20 million. The industry  
10   has transitioned from a single supplier concept to a concept of multiple suppliers, and there  
11   have been many changes in the amounts carriers pay one another and the amount that callers  
12   pay. I am not going to get into all the reasons why public policy dictated and produced such  
13   a wide divergence of rates and how carrier charges relate to end user charges. But the rates  
14   shown are the result of current and prior codifications of public policy, and Cavalier has the  
15   right to charge those rates pursuant to its tariffs.

16   **Q.     How does Cavalier classify usage according to those classifications?**

17   A.     As Mr. Haraburda testified, usage is currently classified depending upon the identity  
18   of the carrier, as well as where a call originates and where the call terminates. For wireline  
19   carriers, local and non-local determinations match the boundaries for such determination with  
20   retail services. For wireless carriers, the boundaries follow Major Trading Area (MTA)  
21   boundaries. The determination is actually made by simple comparison of the originating  
22   phone number to the terminating phone number. That information is derived from the actual  
23   call record that the call-delivering carrier produces.

1   **Q.     Is Cavalier being supplied with the information necessary to render proper**  
2   **bills??**

3   A.     No, not in all cases. Verizon is not providing us with accurate billing data for traffic  
4   *routed through its tandems.*

5   **Q.     Please explain the process you employ to obtain billing information.**

6   A.     The process starts with establishing the correct network architecture. As Mr. Cole  
7   testifies, Cavalier and Verizon have established separate “Interconnection” and “Access”  
8   trunks. In accordance with Section 4.2 of our interconnection agreement, each set of trunks  
9   is to be used solely for its respective purpose. And as testified by Mr. Cole, Cavalier  
10   captures its billing information: (1) for the local Interconnection trunks off its own billing  
11   tapes, and (2) for the Access trunks off the “meet point billing” (MPB) tapes provided by  
12   Verizon. The data from these two primary sources yield the call detail data necessary to  
13   produce the carrier bills. Cavalier has data tables where local, intrastate access, and interstate  
14   access are separated based upon the originating and terminating NPA/NXX’s.

15   **Q.     With respect to this process, is Cavalier obtaining all the data it needs to render**  
16   **accurate bills?**

17   A.     Mr. Cole testifies that Verizon is mixing the traffic on those two trunk groups. Local  
18   traffic is being mixed with access traffic and vice versa. Mr. Haraburda testifies that key  
19   billing information is not provided on the billing record. This combination produces  
20   inaccurate bills.

1    **Q.     What is the estimated impact of these problems?**

2    A.     We don't know. I cannot begin to quantify the impacts of what we are billing when I  
3    do not have a benchmark to determine what we should be billing. As testified by Mr.  
4    Haraburda, Cavalier has established various band-aid processes which, in effect, *produce*  
5    bills based upon various assumptions. But in the current CABS billing environment, it is not  
6    possible for me to say those bills are accurate. In spite of, and in light of, these problems the  
7    large carriers are paying those bills while other carriers are not.

8    **Q.     What is the level of Cavalier's uncollectible revenue?**

9    A.     Right now, we have about \$8 million in uncollectible access and local termination  
10    revenue. The single issue Cavalier is attempting to resolve here is the production of accurate  
11    bills. To achieve accurate billing requires accurate information to identify the *correct* carrier  
12    and to identify the *correct* classification of usage. With that improvement, Cavalier will be  
13    able to control fraud, render more accurate bills and reduce its uncollectibles.

14            As Mr. Cole and Mr. Haraburda testify, the situation is akin to a toll collector  
15    monitoring automobile traffic over a bridge onto an island. Cars are assessed a toll  
16    depending upon where they come from. "Local" cars might pay less, or might even be the  
17    only cars allowed onto the island. Certain cars might have access to special express lanes  
18    while other cars with restricted access or subject to a higher toll might go through other  
19    lanes. The toll collector would also be in the position to deny entry to a visitor that fails to  
20    identify itself or its legitimate purpose. All Cavalier is requesting is that sufficient  
21    information be placed, to continue the analogy, on each "license plate" to enable a proper  
22    classification. If that information is or becomes insufficient, Verizon (the bridge owner)  
23    should either require the cars to identify this information or not allow the cars to pass



1 through. Verizon is the only entity in a position to monitor the tandem. It is reasonable to  
2 expect Verizon to maintain some basic order and police the meet point billing process.

3 **Q. How specifically does Cavalier's proposed contract language accomplish this**  
4 **result?**

5 A. Cavalier's proposed contract language places responsibility and accountability upon  
6 Verizon to insure that correct billing information is passed to Cavalier. Cavalier is captive to  
7 how Verizon sends calls to Cavalier. If Verizon does not send the calls over the correct  
8 trunks and/or sends incomplete information, we do not have any available recourse for cost  
9 recovery. The contract language Cavalier proposes to modify is shown in Exhibit DW-1.  
10 Changes to the Verizon template are underlined. I've outlined below a short summary of  
11 these changes:

12 Section 1 – Definitions – This section establishes definitions for Carrier Identification  
13 Code (CIC), Jurisdiction Information Parameter ("JIP"), and LRN. CIC, JIP, and LRN  
14 codes, by themselves or in concert, are critical information for Cavalier to bill the correct  
15 carrier.

16 Section 5.6.1 – This expands the scope of the MPB section (Section 6) to include  
17 provisions of Section 5.

18 Section 5.6.6 – This notes that Verizon shall provide applicable Carrier identification  
19 codes for its traffic and transit traffic to facilitate accurate billing.

20 Section 5.6.6.1 – This subsection notes that, to the extent Verizon fails to provide  
21 adequate billing code information on up to 5% of calls, Cavalier may bill Verizon at a  
22 prorated local/access ratio.